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MANAGEMENT REPORT

DETAILED COST-OF-DOING BUSINESS DATA FOR HARDWARE STORES

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National
Retail Hardware
Association

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Introduction

The **National Retail Hardware Association** annually publishes detailed financial operating reports for three types of do-it-yourself retailers. Studies available are the Management Report for hardware stores, the Bottom Line report for home centers, and the Profit Report for retail lumber outlets.

THE MANAGEMENT REPORT

The 1991 Management Report outlines financial operating data for contributing retail hardware operations. This report is designed to:

- Assess financial performances of retail hardware stores in 1990.
- Provide comparative financial data to allow retailers the opportunity to measure their performance against industry standards.
- Provide a benchmark for profit planning enabling hardware retailers to improve performance levels on a continuing basis.

Additionally, the report provides an accurate and valid means for manufacturers, wholesalers, and other interested parties to gain a better understanding of the retail hardware industry.

Four Major Sections

The Management Report is divided into four major sections: Historical Trends for 1986 through 1990; The Strategic Profit Model; Average Operating Results for 1990; and Departmental Information. All results are presented as averages, computed by adding all data for a given item and then dividing by the total number of entries.

Historical Trends provides income statement and balance sheet data for 1990 and the four previous Management Reports, 1986-1989. This section also includes performance of individual departments and monthly sales percentages for a five year period.

The **Strategic Profit Model** combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on return on net worth.

Average Operating Results includes data on sales, operating expenses, profits and overall financial performance. Income statement items are presented as a percentage of net sales and balance sheet items appear as a percentage of total assets.

Departmental Information is based on the percent of contributing stores stocking and promoting (handling) major departments found in retail hardware stores. The percent of net sales, sales floor, and inventory are outlined for both handling firms only and for an average store. Departmental productivity is compared by determining the gross margin return on inventory investment for each department.

Type of Store

A variety of factors influence the cost of doing business for any hardware store. Therefore, report data are presented by various store characteristics for comparison. Information contained in Average Operating Results is presented for the following store characteristics:

- All Stores
- High and Low Profit
- Sales Volume Size
- Sales Floor Size
- Type of Ownership
- Trade Area Size
- Store Location
- Geographical Region
- Number of Stores
- Age of Operation

Methodology

The Management Report is made possible only through the cooperation of the retail hardware operators who provide NRHA with detailed financial information on their individual stores.

Questionnaires were mailed in February 1991 and six hundred forty-six usable returns were received by May 1991 for inclusion in this year's report.

All survey forms were edited for completeness by NRHA's Research Services Staff. Forms were coded for computer processing and all identification was removed. The data was keypunched and then processed by an independent data processing firm.

As thanks for participation in this project, each contributing hardware store operator was provided a personalized computer analysis. This analysis compares each contributor's results with averages of all other stores in the same sales volume, sales floor size, geographic area, and store location categories, as well as with the average for the entire sample.

For Assistance

Assistance and aid in interpreting the 1991 Management Report may be obtained from your regional hardware association or the National Retail Hardware Association, 5822 West 74th Street, Indianapolis, Indiana 46278 or phone (317) 290-0338.

Historical Trends

ALL HARDWARE STORES FISCAL YEAR

Income Statement Data

	1990	1989	1988	1987	1986
Net Sales Volume	\$935,182	\$875,833	\$799,386	\$776,627	\$682,263
Gross Sales	101.24	101.44%	101.66%	101.61%	101.96%
Less: Total Deductions	1.24	1.44	1.66	1.61	1.96
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	65.21	64.63	64.63	65.22	65.08
Margin Before Purchase Rebate or Patronage Dividend	34.79	35.37	35.37	34.78	34.92
Purchase Rebate or Patronage Dividend	1.11	1.25	1.22	1.11	1.14
Margin After Purchase Rebate or Patronage Dividend	35.90	36.62	36.60	35.87	36.06
Payroll and Other Employee Expense					
Salaries -- Owners/Officers/Managers	3.92	4.29	4.34	4.38	4.42
Salaries/Wages -- Other Employees	12.53	12.85	12.46	11.88	12.44
Federal and State Payroll Taxes	1.37	1.45	1.45	1.39	1.41
Group Insurance	.96	.87	.71	.64	.64
Benefit Plans	.30	.39	.40	.55	.46
Total Payroll and Other Employee Expense	19.07	19.84	19.36	18.84	19.37
Occupancy Expense					
Heat, Light, Power, Water	1.00	1.05	1.01	1.06	1.15
Building Repairs and Maintenance	.36	.37	.30	.25	.30
Rent or Ownership in Real Estate*	4.12	4.12	4.01	3.89	3.80
Total Occupancy Expense	5.48	5.53	5.32	5.19	5.25
Other Costs of Doing Business					
Advertising and Promotion	2.40	2.39	2.59	2.53	2.50
Insurance (Other than Real Estate and Group)	.77	.75	.79	.83	.89
Taxes (Other than Real Estate and Payroll)	.39	.43	.49	.56	.57
Interest (Other than Real Estate)	1.36	1.45	1.18	1.38	1.32
Depreciation (Other than Real Estate)	.85	.90	.89	1.00	.99
All Other Expenses	3.96	3.63	3.80	3.84	3.76
Total Other Costs of Doing Business	9.72	9.55	9.74	10.14	10.04
Total Operating Expenses	34.28	34.92	34.42	34.17	34.65
Operating Profit or Loss	1.62	1.70	2.18	1.72	1.41
Other Income	1.53	1.54	1.58	1.53	1.68
Net Operating Profit or Loss (Before Income Taxes)	3.15	3.24	3.76	3.25	3.09

Financial Performance

Profit on Investment	12.42%	12.70%	13.80%	13.42%	11.76%
Active Owner's Return	27.88%	29.50%	29.70%	31.51%	28.58%
Current Asset Ratio	3.41x	3.34x	3.47x	3.04x	3.39x
Quick Asset Ratio	.89x	.91x	.98x	.83x	.91x
Total Debt to Tangible Net Worth	92.78%	97.34%	88.35%	102.97%	90.91%
Stock Turn Times	2.59x	2.55x	2.48x	2.61x	2.45x
Sales to Inventory Ratio	3.98x	3.95x	3.84x	4.00x	3.77x
Average Inventory per Square Foot Sales Area	\$29.96	\$28.87	\$30.17	\$28.09	\$28.00
Net Sales to Accounts Receivable	22.04x	20.48x	20.21x	21.30x	21.09x
Net Sales to Total Assets	2.04x	1.99x	1.95x	2.03x	1.99x
Net Sales to Net Worth	3.94x	3.92x	3.67x	4.13x	3.81x
Net Sales to Net Working Capital	4.11x	4.06x	3.82x	2.93x	2.80x

Other Operating Data

Credit Sales -- % of Total Gross Sales	32.63%	31.84%	30.67%	30.23%	31.27%
Consumer Sales -- % of Total Gross Sales	67.37%	68.16%	69.33%	74.62%	74.39%
Selling Area -- Square Feet	7,698	7,393	6,838	5,977	5,827
Sales Per Square Foot -- Selling Area	\$126.06	\$113.84	\$117.58	\$113.63	\$105.34
Total Area -- Square Feet	10,958	11,319	10,258	8,802	9,059
Sales Per Square Foot -- Total Area	\$87.64	\$75.88	\$77.81	\$77.53	\$67.11
Sales Per Person Employed	\$75.851	\$89,624	\$85,073	\$80,682	\$75,418
Sales Per Customer	\$11.74	\$11.09	\$11.71	\$11.18	\$9.64

*Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.
Figures may not add to totals indicated due to rounding.

Historical Trends

Department	Percent Of Net Sales*					Sales Per Square Foot				
	1990	1989	1988	1987	1986	1990	1989	1988	1987	1986
Hardware	14.8%	15.7%	15.3%	14.5%	14.9%	\$123.94	\$114.56	\$114.58	\$112.89	\$108.36
Hand Tools	5.8	5.9	6.0	5.4	6.1	119.47	126.03	140.44	110.72	129.07
Power Tools & Accessories ..	4.0	3.9	4.5	3.9	4.7	115.97	142.49	155.30	143.52	132.05
Plumbing, Heating & Cooling	13.2	12.5	13.2	11.9	12.9	136.23	123.59	134.27	120.02	121.70
Electrical Supplies	9.7	9.8	9.9	8.9	9.5	138.50	129.33	145.40	127.69	134.72
Paint & Home Decorating	13.4	12.9	12.7	11.5	12.5	140.98	128.39	139.69	114.33	132.89
Lumber	.7	.8	.8	.5	.8	71.49	51.12	133.72	88.81	125.18
Building Materials	1.7	1.3	1.7	1.2	1.5	109.24	113.12	129.46	119.59	135.44
Lawn & Garden	11.7	12.8	12.1	13.4	13.4	131.51	122.40	115.92	118.95	114.89
Housewares	7.2	7.3	7.6	8.6	7.4	87.80	86.61	93.84	79.30	76.58
Automotive Supplies	3.2	2.7	2.8	2.8	2.5	107.89	93.48	118.80	104.83	84.24
Major Appliances & Home Entertainment	3.2	2.5	2.9	4.1	2.3	149.39	158.24	135.16	135.49	143.55
Sporting Goods & Outdoor Living	3.5	3.3	3.1	3.5	3.3	108.69	107.11	119.61	94.99	78.75
Miscellaneous Goods	7.9	8.6	7.6	9.9	8.2	122.95	113.07	121.60	124.29	107.42

Department	Sales To Inventory Ratio					Gross Margin Return On Inventory				
	1990	1989	1988	1987	1986	1990	1989	1988	1987	1986
Hardware	4.1x	3.8x	3.7x	3.7x	3.6x	\$1.85	\$1.74	\$1.66	\$1.63	\$1.66
Hand Tools	3.7	3.8	3.8	3.6	3.8	1.42	1.45	1.45	1.32	1.47
Power Tools & Accessories ..	3.5	3.5	3.7	3.3	3.4	1.05	1.02	1.16	.96	.93
Plumbing, Heating & Cooling	4.7	4.2	4.5	4.4	4.4	2.06	1.91	1.95	1.89	1.98
Electrical Supplies	4.7	4.4	4.3	4.3	4.6	1.95	1.89	1.83	1.80	1.97
Paint & Home Decorating	4.5	4.5	4.2	4.4	4.5	1.76	1.80	1.64	1.77	1.80
Lumber	3.8	3.7	3.3	3.8	5.3	1.24	1.16	1.17	.99	.78
Building Materials	5.2	4.2	4.9	4.6	5.7	2.02	1.38	1.72	1.47	1.41
Lawn & Garden	4.1	4.4	4.0	4.4	4.7	1.44	1.54	1.37	1.48	1.66
Housewares	3.8	3.6	3.7	3.1	3.5	1.25	1.25	1.29	1.05	1.23
Automotive Supplies	4.2	4.3	4.1	4.0	3.1	1.48	1.57	1.41	1.42	1.09
Major Appliances & Home Entertainment	3.7	3.6	3.7	3.6	4.1	.92	1.00	.95	.75	.72
Sporting Goods & Outdoor Living	3.8	3.9	3.9	3.1	3.2	1.25	1.34	1.36	1.04	1.00
Miscellaneous Goods	4.2	4.4	3.7	4.0	3.1	1.44	1.64	1.41	1.38	1.06

* Average Hardware Store

Monthly Sales

Month	1990	1989	1988	1987	1986
January	6.4%	6.1%	6.4%	6.5%	6.3%
February	5.9	5.7	5.9	5.9	5.7
March	7.6	7.1	7.4	7.3	7.4
April	8.7	8.9	9.0	9.0	8.9
May	9.5	9.8	9.6	9.7	9.9
June	9.6	9.5	9.4	9.3	9.2
July	8.9	8.7	8.4	8.8	8.9
August	8.6	8.5	8.4	8.4	8.6
September	8.1	8.2	8.1	8.0	8.0
October	8.5	8.4	8.5	8.6	8.5
November	8.6	8.6	8.5	8.1	8.6
December	10.0	10.5	10.8	10.4	10.0

Strategic Profit Model

The Strategic Profit Model can be an excellent management tool for hardware retailers. The Model combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on the most important criteria -- Return on Net Worth.

The Strategic Profit Model clearly identifies, through the use of financial ratio analysis, the three major operational areas that determine the rate of return on net worth: profit margin, asset turnover and leverage.

Several elements that can be controlled by management to improve the level of operational performance are:

Profit Margin

Sales -- Increase sales through better displays and advertising, more promotions, addition of new lines, etc.

Cost of Goods Sold -- Improve Gross Margin through variable pricing, inventory control, etc.

Expenses -- Trimming expenses is difficult in view of today's high labor costs, occupancy expense, etc.; however, carefully review each item of expense for areas of cost savings.

Other Income -- Take advantage of cash discounts, earnings from revolving or installment credit programs and other investments such as stock ownership.

Asset Turnover

Inventory -- Decrease inventory level by carefully reviewing the levels of all items, trimming slow moving items, and eliminating obsolete items.

Accounts Receivable -- Review status of accounts. If excessively high without the use of a finance charge, customers are operating on the firm's money.

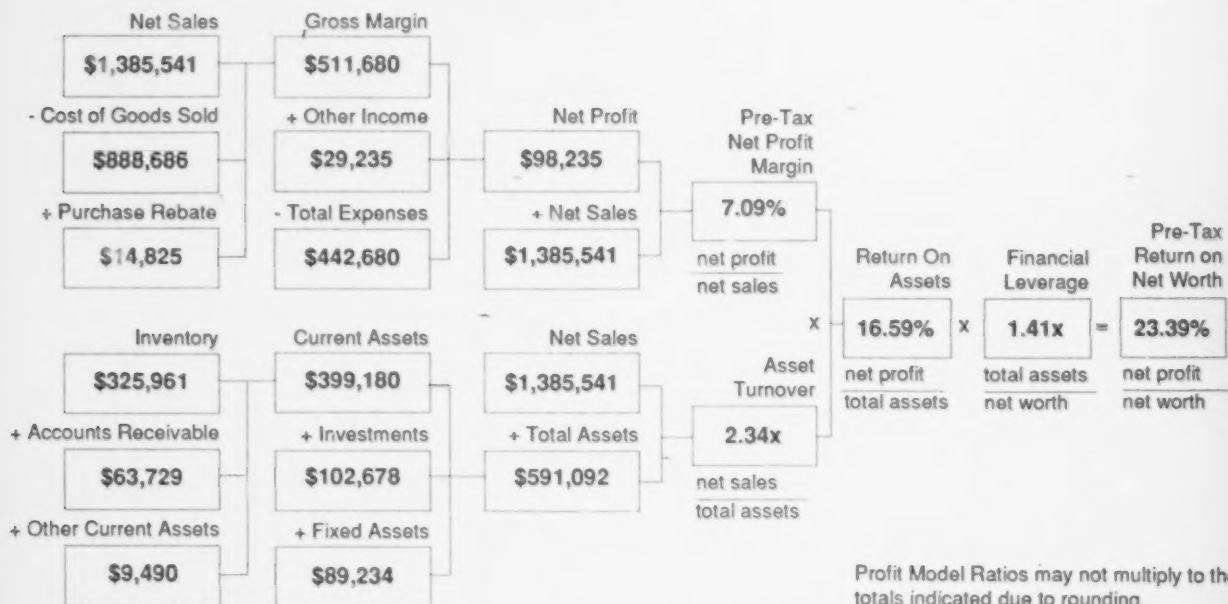
Fixed Assets -- Divide Net Sales by Fixed Assets; a substantially lower than average ratio, indicates excessive investments resulting in idle capacity.

Leverage

The amount of borrowed funds has a number of major implications: 1) creditors look to owner supplied funds to provide a margin of safety; 2) by raising funds through debt, owners gain the benefit of maintaining control of the firm with a limited investment; and 3) if the firm earns more on borrowed funds than it pays in interest, return to owners is magnified.

Presented below is the Strategic Profit Model for the High Profit Stores category. Retailers interested in improving their performance should carefully review this model, as it represents the level of excellence achieved by industry leaders.

High Profit Stores



Profit Model Ratios may not multiply to the totals indicated due to rounding.

1990 Highlights

Type Of Hardware Store	1990 Net Sales (\$)	Sales Increase Over 1989* (%)	Margin (%)	Net Profit On Sales (%)	Net Profit On Investment (%)	Stock Turns (x)
All Hardware Stores	935,182	+2.38	35.90	3.15	12.42	2.59
Low Profit	754,710	-0.70	35.58	-2.93	-19.11	2.30
High Profit	1,385,541	+3.82	36.94	7.10	23.51	2.79
Sales Volume Size						
Under \$250,000	173,979	+0.01	35.30	-1.41	-3.63	1.32
\$250,000 to \$499,999	375,513	+2.23	38.44	2.62	9.12	1.95
\$500,000 to \$749,999	634,643	+4.57	39.10	4.08	16.66	2.22
\$750,000 to \$999,999	875,934	+3.23	36.43	3.01	11.68	2.57
\$1,000,000 to \$1,999,999	1,367,525	+2.89	35.92	3.39	13.82	2.69
\$2,000,000 or more	2,890,188	+0.57	33.00	2.85	11.50	3.25
Sales Floor Size						
Under 3,000 Sq. Ft.	382,666	-0.62	40.10	3.55	10.73	2.37
3,000 to 4,999 Sq. Ft.	534,242	+2.28	37.82	4.99	21.52	2.54
5,000 to 9,999 Sq. Ft.	905,737	+5.14	37.37	3.61	14.52	2.73
10,000 Sq. Ft. or more	1,740,526	+0.46	34.34	2.43	10.31	2.81
Type of Ownership						
Proprietorship	507,469	+1.68	36.09	6.51	23.84	2.46
Partnership	749,319	+6.90	36.27	5.35	18.65	2.27
Corporation	1,079,584	+2.67	35.70	3.02	11.93	2.71
Sub "S" Corporation	1,104,738	+0.42	37.41	2.53	12.50	2.86
Trade Area Size						
M.S.A. - Central City	1,102,960	+1.50	40.43	3.77	16.19	2.84
M.S.A. - Suburban	1,055,820	+1.30	40.08	2.91	10.67	2.43
Cities 10,000 to 50,000	1,111,836	-0.10	35.61	2.58	10.68	2.69
Towns Under 10,000	859,541	+4.85	34.38	3.59	14.50	2.73
Store Location: Part I						
Downtown	904,257	+3.13	35.69	3.65	14.98	2.77
Suburban	1,017,270	+3.13	38.24	3.42	13.88	2.56
Rural	859,626	+2.19	34.41	2.83	13.59	2.65
Store Location: Part II						
Shopping Centers						
- Neighborhood	375,736	+0.76	38.10	2.40	11.22	2.56
Shopping Centers						
- Community or Regional	1,322,580	+0.72	35.62	3.44	16.39	2.91
Free-Standing						
- No Stores Adjacent	940,175	+3.18	35.96	2.67	11.35	2.78
Free-Standing						
- Stores Nearby	982,430	+3.67	35.38	3.78	14.18	2.71
Number of Stores						
Single Store Business	901,634	+3.55	36.47	3.51	13.65	2.56
Multiple Store Business	1,175,959	-2.69	32.73	1.18	5.01	2.78
Age of Operation						
Less Than 3 Years Old	925,857	+2.79	31.80	2.75	13.79	2.68
More Than 3 Years Old	991,679	+2.51	36.16	3.33	13.35	2.72

* As reported by Management Report Contributors.

1990 Monthly Sales

	%		%		%
January	6.4	May	9.5	September	8.1
February	5.9	June	9.6	October	8.5
March	7.6	July	8.9	November	8.8
April	8.7	August	8.6	December	10.0

All Stores

	All Hardware Stores	Low† Profit Stores	High†† Profit Stores
Income Statement Data			
Number of Stores	646	158	159
Net Sales Volume	\$935,182	\$754,710	\$1,385,541
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	2.38%	-70%	3.82%
Gross Sales	101.24%	100.89%	101.33%
Less: Total Deductions	1.24	.89	1.33
Net sales	100.00%	100.00%	100.00%
Cost of Goods Sold	65.21	65.59	64.14
Margin Before Purchase Rebate or Patronage Dividend	34.79	34.41	35.86
Purchase Rebate or Patronage Dividend	1.11	1.17	1.07
Margin After Purchase Rebate or Patronage Dividend	35.90	35.58	36.94
Payroll and Other Employee Expense			
Salaries - Owners/Officers/Managers	3.92	3.90	3.44
Salaries/Wages - Other Employees	12.53	13.95	12.50
Federal and State Payroll Taxes	1.37	1.48	1.38
Group Insurance	.96	1.02	.84
Benefit Plans	.30	.18	.34
Total Payroll and Other Employee Expense	19.07	20.52	18.49
Occupancy Expense			
Heat, Light, Power, Water	1.00	1.30	.88
Building Repairs and Maintenance	.36	.41	.36
Rent or Ownership in Real Estate**	4.12	5.38	3.64
Total Occupancy Expense	5.48	7.09	4.89
Other Costs of Doing Business			
Office Supplies and Postage	.46	.47	.35
Advertising and Promotion	2.40	2.78	2.31
Donations	.07	.05	.09
Telephone and Telegraph	.30	.35	.26
Bad Debts	.14	.12	.15
Credit Card Expense (Bank Charges)	.21	.34	.21
Delivery Expenses (Other than Wages)	.35	.41	.26
Leasing Expenses (Non-Occupancy)	.11	.17	.11
Insurance (Other than Real Estate and Group)	.77	.81	.63
Taxes (Other than Real Estate and Payroll)	.39	.46	.42
Interest (Other than Real Estate)	1.36	2.20	.98
Depreciation (Other than Real Estate)	.85	1.19	.75
Store and Shop Supplies	.54	.67	.48
Legal and Accounting	.49	.51	.48
Computer Services and Expenses (Other than Wages)	.22	.35	.18
Dues and Subscriptions	.08	.09	.07
Travel, Buying, Entertainment	.22	.23	.21
Miscellaneous Services	.13	.23	.07
Unclassified Expenses	.64	.64	.57
Total Other Costs of Doing Business	9.72	12.06	8.57
Total Operating Expenses	34.28	39.67	31.95
Operating Profit or Loss	1.62	-4.09	4.99
Other Income	1.53	1.16	2.11
Net Operating Profit or Loss (Before Income Taxes)	3.15	-2.93	7.10

* As reported to NRHA by Management Report Contributors

** Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.

† Defined as the bottom twenty-five percent of all contributors based on Net Profit.

†† Defined as the top twenty-five percent of all contributors based on Net Profit.

Figures may not add to totals indicated due to rounding.

All Stores

Balance Sheet Data

	All Hardware Stores	Low† Profit Stores	High†† Profit Stores
Total Dollar Assets	\$457,367	\$396,208	\$659,039
% of Total Assets			
Assets			
Cash On Hand and In Bank	5.86	2.41	8.27
Notes and Installment Contracts Receivable	1.91	1.27	2.03
Accounts Receivable	9.28	7.77	9.67
Merchandise Inventory - (End of Year)	52.10	54.81	49.46
Other Current Assets	1.29	1.46	1.44
Total Current Assets	70.44	67.73	70.88
Stocks and Bonds	5.25	4.19	6.46
Real Estate (Not Used In Business)	.44	.26	.63
Other Investments	7.91	8.42	8.49
Total Investments	13.60	12.87	15.58
Land (Owned and Used In Business)	2.08	2.95	1.44
Buildings (Owned and Used In Business Less Depreciation)	6.01	6.78	5.08
Leasehold Improvements (Less Amortization Allowance)	1.40	1.53	1.42
Furniture, Fixtures, Equip. (Owned and Used in Bus. Less Depre.)	4.57	6.22	3.82
Delivery Equipment (Owned and Used in Business Less Deprec.)	1.31	1.10	1.14
Other Fixed Assets	.61	.83	.64
Total Fixed Assets	15.96	19.40	13.54
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	10.51	12.45	9.69
Current Portion of Notes Payable	6.17	12.91	3.99
Accrued Payroll Taxes	.45	.43	.44
Accrued Other Taxes	.97	.79	1.18
Other Accrued Expenses	1.31	1.28	1.52
Other Current Liabilities	1.25	1.00	.75
Total Current Liabilities	20.65	28.87	17.57
Notes Due Partners/Officers	6.92	11.25	4.75
Mortgage Payable	3.85	4.43	2.65
Long Term Debt	15.54	24.07	11.05
Other Long Term Liabilities	1.06	2.15	.52
Total Long Term Liabilities	27.47	41.90	18.97
Total Liabilities	48.13	70.77	36.54
Net Worth	51.87	29.23	63.46
Total Liabilities and Net Worth	100.00%	100.00%	100.00%

Financial Performance

Profit on Investment	12.42%	-19.11%	23.51%
Active Owner's Return	27.88%	6.29%	34.90%
Current Asset Ratio	3.41	2.35	4.03
Quick Asset Ratio	.89	.45	1.22
Total Debt to Tangible Net Worth	92.78%	242.07%	57.57%
Stock Turn Times	2.59	2.30	2.79
Sales to Inventory Ratio	3.98	3.50	4.36
Average Inventory per Sq. Ft. Sales Area	\$29.96	\$27.97	\$29.63
Net Sales to Accounts Receivable	22.04	24.51	21.74
Net Sales to Total Assets	2.04	1.90	2.10
Net Sales to Net Worth	3.94	6.52	3.31
Net Sales to Net Working Capital	4.11	4.90	3.94

Other Operating Data

Credit Sales - % of Total Gross Sales	32.63%	32.97%	33.93%
Consumer Sales - % of Total Gross Sales	67.37%	67.03%	66.07%
Selling Area - Square Feet	7,698	7,882	9,722
Sales Per Square Foot - Selling Area	\$126.06	\$104.22	\$138.30
Total Area - Square Feet	10,958	10,491	13,815
Sales Per Square Foot - Total Area	\$87.64	\$70.55	\$96.88
Sales Per Person Employed	\$75,851	\$78,552	\$99,084
Sales Per Customer	\$11.74	\$11.61	\$12.01

† Defined as the bottom twenty-five percent of all contributors based on Net Profit.

†† Defined as the top twenty-five percent of all contributors based on Net Profit.

Figures may not add to totals indicated due to rounding.

Sales Volume Size

Income Statement Data	Sales Under \$250,000	\$250,000 To \$499,999	\$500,000 To \$749,999
Number of Stores	47	166	142
Net Sales Volume	\$173,979	\$375,513	\$634,643
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	.01%	2.23%	4.57%
Gross Sales	100.67%	101.13%	101.32%
Less: Total Deductions	.67	1.13	1.32
Net sales	100.00%	100.00%	100.00%
Cost of Goods Sold	65.89	62.93	62.17
Margin Before Purchase Rebate or Patronage Dividend	34.11	37.07	37.83
Purchase Rebate or Patronage Dividend	1.19	1.38	1.27
Margin After Purchase Rebate or Patronage Dividend	35.30	38.44	39.10
Payroll and Other Employee Expense			
Salaries - Owners/Officers/Managers	5.04	5.36	4.57
Salaries/Wages - Other Employees	10.58	11.62	12.53
Federal and State Payroll Taxes	1.28	1.42	1.48
Group Insurance	.62	.87	.86
Benefit Plans	.01	.13	.23
Total Payroll and Other Employee Expense	17.53	19.40	19.66
Occupancy Expense			
Heat, Light, Power, Water	1.88	1.42	1.16
Building Repairs and Maintenance	.32	.33	.42
Rent or Ownership in Real Estate**	5.70	5.12	4.70
Total Occupancy Expense	7.89	6.87	6.29
Other Costs of Doing Business			
Office Supplies and Postage	.57	.53	.51
Advertising and Promotion	2.95	2.55	2.56
Donations	.10	.08	.10
Telephone and Telegraph	.56	.39	.38
Bad Debts	.24	.10	.13
Credit Card Expense (Bank Charges)	.14	.19	.20
Delivery Expenses (Other than Wages)	.48	.46	.47
Leasing Expenses (Non-Occupancy)	.11	.13	.13
Insurance (Other than Real Estate and Group)	1.13	1.10	.90
Taxes (Other than Real Estate and Payroll)	.40	.39	.44
Interest (Other than Real Estate)	2.33	1.90	1.79
Depreciation (Other than Real Estate)	.97	1.10	1.01
Store and Shop Supplies	.59	.57	.48
Legal and Accounting	.74	.55	.61
Computer Services and Expenses (Other than Wages)	.13	.17	.15
Dues and Subscriptions	.15	.09	.09
Travel, Buying, Entertainment	.34	.22	.24
Miscellaneous Services	.14	.09	.19
Unclassified Expenses	1.20	.59	.60
Total Other Costs of Doing Business	13.28	11.19	10.96
Total Operating Expenses	38.70	37.46	36.90
Operating Profit or Loss	-3.41	.98	2.20
Other Income	2.00	1.63	1.88
Net Operating Profit or Loss (Before Income Taxes)	-1.41	2.62	4.08

* As reported to NRHA by Management Report Contributors.

** Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.
Figures may not add to totals indicated due to rounding.

Sales Volume Size

Income Statement Data	\$750,000 To \$999,999	\$1,000,000 To \$1,999,999	\$2,000,000 Or More
Number of Stores	87	146	58
Net Sales Volume	\$875,934	\$1,367,525	\$2,890,188
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	3.23%	2.89%	.57%
Gross Sales	102.01%	101.27%	100.89%
Less: Total Deductions	2.01	1.27	.89
Net sales	100.00%	100.00%	100.00%
Cost of Goods Sold	64.84	65.33	67.68
Margin Before Purchase Rebate or Patronage Dividend	35.16	34.67	32.32
Purchase Rebate or Patronage Dividend	1.27	1.25	.68
Margin After Purchase Rebate or Patronage Dividend	36.43	35.92	33.00
Payroll and Other Employee Expense			
Salaries - Owners/Officers/Managers	4.53	3.96	2.67
Salaries/Wages - Other Employees	12.46	12.49	13.03
Federal and State Payroll Taxes	1.48	1.46	1.15
Group Insurance	.97	.90	1.12
Benefit Plans	.16	.24	.55
Total Payroll and Other Employee Expense	19.59	19.04	18.52
Occupancy Expense			
Heat, Light, Power, Water	1.04	.92	.80
Building Repairs and Maintenance	.35	.34	.36
Rent or Ownership in Real Estate**	4.04	4.22	3.27
Total Occupancy Expense	5.43	5.48	4.43
Other Costs of Doing Business			
Office Supplies and Postage	.49	.40	.47
Advertising and Promotion	2.51	2.54	2.02
Donations	.06	.06	.07
Telephone and Telegraph	.34	.28	.22
Bad Debts	.13	.15	.15
Credit Card Expense (Bank Charges)	.24	.19	.24
Delivery Expenses (Other than Wages)	.38	.32	.27
Leasing Expenses (Non-Occupancy)	.07	.11	.11
Insurance (Other than Real Estate and Group)	.73	.74	.60
Taxes (Other than Real Estate and Payroll)	.37	.37	.41
Interest (Other than Real Estate)	1.32	1.28	.99
Depreciation (Other than Real Estate)	.93	.77	.72
Store and Shop Supplies	.58	.54	.53
Legal and Accounting	.38	.37	.61
Computer Services and Expenses (Other than Wages)	.20	.34	.14
Dues and Subscriptions	.08	.08	.05
Travel, Buying, Entertainment	.24	.22	.18
Miscellaneous Services	.07	.10	.17
Unclassified Expenses	.57	.53	.81
Total Other Costs of Doing Business	9.68	9.39	8.75
Total Operating Expenses	34.71	33.91	31.70
Operating Profit or Loss	1.72	2.00	1.30
Other Income	1.29	1.39	1.55
Net Operating Profit or Loss (Before Income Taxes)	3.01	3.39	2.85

* As reported to NRHA by Management Report Contributors.

** Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.
Figures may not add to totals indicated due to rounding.

Sales Volume Size

	Sales Under \$250,000	\$250,000 To \$499,999	\$500,000 To \$749,999
Balance Sheet Data			
Total Dollar Assets	\$166,464	\$224,324	\$335,570
	% of Total Assets		
Assets			
Cash On Hand and In Bank	7.37	7.69	4.86
Notes and Installment Contracts Receivable	.45	1.75	1.84
Accounts Receivable	6.87	6.99	7.99
Merchandise Inventory (End of Year)	52.26	54.12	54.18
Other Current Assets	1.39	.83	1.58
Total Current Assets	68.34	71.39	70.46
Stocks and Bonds	3.92	5.66	5.64
Real Estate (Not Used In Business)	.52	.98	.17
Other Investments	7.65	6.96	6.42
Total Investments	12.09	13.60	12.23
Land (Owned and Used In Business)	3.68	1.77	2.58
Buildings (Owned and Used In Business Less Depreciation)	9.73	5.94	6.36
Leasehold Improvements (Less Amortization Allowance)	.42	1.06	.72
Furniture, Fixtures, Equip. (Owned and Used in Bus. Less Depre)	4.43	4.01	4.96
Delivery Equip. (Owned and Used in Business Less Deprec.)	1.03	1.50	1.41
Other Fixed Assets	.27	.73	1.28
Total Fixed Assets	19.57	15.01	17.31
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	7.00	6.93	9.94
Current Portion of Notes Payable	8.77	6.25	4.88
Accrued Payroll Taxes	.43	.63	.58
Accrued Other Taxes	.62	.72	.68
Other Accrued Expenses	.47	.86	1.22
Other Current Liabilities	.22	.62	2.10
Total Current Liabilities	17.51	16.00	19.39
Notes Due Partners/Officers	8.82	10.67	11.97
Mortgage Payable	9.63	4.35	3.75
Long Term Debt	16.90	20.18	17.14
Other Long Term Liabilities	6.55	.71	1.44
Total Long Term Liabilities	41.91	35.92	34.30
Total Liabilities	59.43	51.91	53.69
Net Worth	40.57	48.09	46.31
Total Liabilities and Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	-3.63%	9.12%	16.66%
Active Owner's Return	9.35%	27.78%	35.31%
Current Asset Ratio	3.90	4.46	3.63
Quick Asset Ratio	.92	1.08	.84
Total Debt to Tangible Net Worth	146.46%	107.96%	115.94%
Stock Turn Times	1.32	1.95	2.22
Sales to Inventory Ratio	2.00	3.10	3.58
Average Inventory per Sq. Ft. Sales Area	\$22.75	\$25.89	\$25.81
Net Sales to Accounts Receivable	15.22	23.94	23.67
Net Sales to Total Assets	1.05	1.67	1.89
Net Sales to Net Worth	2.58	3.48	4.08
Net Sales to Net Working Capital	2.06	3.02	3.70
Other Operating Data			
Credit Sales - % of Total Gross Sales	28.60%	31.59%	32.41%
Consumer Sales - % of Total Gross Sales	71.40%	68.41%	67.59%
Selling Area - Square Feet	3,845	4,592	6,370
Sales Per Square Foot - Selling Area	\$47.54	\$81.59	\$99.55
Total Area - Square Feet	6,301	6,473	8,904
Sales Per Square Foot - Total Area	\$29.90	\$57.50	\$71.31
Sales Per Person Employed	\$46,124	\$66,754	\$85,161
Sales Per Customer	\$7.91	\$9.06	\$10.35

Figures may not add to totals indicated due to rounding.

Sales Volume Size

Balance Sheet Data	\$750,000 To \$999,999	\$1,000,000 To \$1,999,999	\$2,000,000 Or More
Total Dollar Assets	\$418,131	\$644,606	\$1,245,803
	% of Total Assets		
Assets			
Cash On Hand and In Bank	6.28	6.42	4.47
Notes and Installment Contracts Receivable	2.93	1.72	1.92
Accounts Receivable	8.67	9.62	11.44
Merchandise Inventory - (End of Year)	52.70	52.53	48.81
Other Current Assets	1.13	1.56	1.06
Total Current Assets	71.71	71.85	67.69
Stocks and Bonds	5.48	5.35	4.69
Real Estate (Not Used In Business)	.24	.50	.34
Other Investments	8.02	8.06	9.16
Total Investments	13.74	13.90	14.19
Land (Owned and Used In Business)	2.48	1.73	1.97
Buildings (Owned and Used In Business Less Deprec.)	4.06	4.82	7.93
Leasehold Improvements (Less Amortization Allowance)	2.22	1.68	1.36
Furniture, Fixtures, Equip. (Owned and Used in Bus. Less Deprec.)	4.04	4.67	4.73
Delivery Equip. (Owned and Used in Bus. Less Deprec.)	1.27	1.10	1.45
Other Fixed Assets	.48	.24	.67
Total Fixed Assets	14.55	14.24	18.12
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	11.06	11.92	11.00
Current Portion of Notes Payable	5.36	7.27	5.69
Accrued Payroll Taxes	.45	.47	.24
Accrued Other Taxes	1.06	1.17	1.01
Other Accrued Expenses	1.29	1.20	1.85
Other Current Liabilities	.99	.93	1.66
Total Current Liabilities	20.21	22.95	21.46
Notes Due Partners/Officers	5.35	4.29	5.69
Mortgage Payable	3.97	2.81	4.73
Long Term Debt	16.56	16.38	10.32
Other Long Term Liabilities	-.10	1.56	.34
Total Long Term Liabilities	25.79	25.03	21.08
Total Liabilities	46.00	47.99	42.54
Net Worth	54.00	52.01	57.46
Total Liabilities and Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	11.68%	13.82%	11.50%
Active Owner's Return	29.25%	29.99%	22.26%
Current Asset Ratio	3.55	3.13	3.15
Quick Asset Ratio	.94	.84	.88
Total Debt to Tangible Net Worth	85.18%	92.26%	74.03%
Stock Turn Times	2.57	2.69	3.25
Sales to Inventory Ratio	3.97	4.12	4.80
Average Inventory per Sq. Ft. Sales Area	\$28.60	\$32.02	\$35.45
Net Sales to Accounts Receivable	24.17	22.06	20.29
Net Sales to Total Assets	2.09	2.12	2.32
Net Sales to Net Worth	3.88	4.08	4.04
Net Sales to Net Working Capital	4.07	4.34	5.02
Other Operating Data			
Credit Sales - % of Total Gross Sales	27.54%	36.08%	31.26%
Consumer Sales - % of Total Gross Sales	72.46%	63.92%	68.74%
Selling Area - Square Feet	7,481	9,693	16,023
Sales Per Square Foot - Selling Area	\$117.98	\$139.72	\$177.65
Total Area - Square Feet	10,022	14,012	24,519
Sales Per Square Foot - Total Area	\$88.24	\$96.82	\$119.84
Sales Per Person Employed	\$86,548	\$94,420	\$60,109
Sales Per Customer	\$10.45	\$12.33	\$14.25

Figures may not add to totals indicated due to rounding.

Sales Floor Size

Income Statement Data	Sales Area Under 3,000 Sq. Ft.	3,000 Sq. Ft. To 4,999 Sq. Ft.	5,000 Sq. Ft. To 9,999 Sq. Ft.	Sales Area 10,000 Sq. Ft. Or More
Number of Stores	37	117	220	113
Net Sales Volume	\$382,666	\$534,242	\$905,737	\$1,740,526
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	-62%	2.28%	5.14%	.46%
Gross Sales	101.38%	101.21%	101.59%	101.07%
Less: Total Deductions	1.38	1.21	1.59	1.07
Net sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	60.95	63.03	63.76	66.55
Margin Before Purchase Rebate or Patronage Dividend ..	39.05	36.97	36.24	33.45
Purchase Rebate or Patronage Dividend	1.06	.86	1.13	.89
Margin After Purchase Rebate or Patronage Dividend	40.10	37.82	37.37	34.34
Payroll and Other Employee Expense				
Salaries - Owners/Officers/Managers	6.90	4.75	4.45	3.35
Salaries/Wages - Other Employees	12.71	11.13	12.64	12.81
Federal and State Payroll Taxes	1.69	1.47	1.46	1.27
Group Insurance	.79	.78	.89	1.09
Benefit Plans	.14	.23	.35	.36
Total Payroll and Other Employee Expense	22.22	18.35	19.78	18.87
Occupancy Expense				
Heat, Light, Power, Water	1.13	1.00	.95	.99
Building Repairs and Maintenance	.21	.39	.37	.40
Rent or Ownership in Real Estate**	4.53	4.48	4.39	3.91
Total Occupancy Expense	5.87	5.87	5.71	5.30
Other Costs of Doing Business				
Office Supplies and Postage	.59	.53	.46	.51
Advertising and Promotion	1.94	2.34	2.33	2.32
Donations	.06	.08	.09	.07
Telephone and Telegraph	.41	.34	.33	.26
Bad Debts	.15	.11	.16	.12
Credit Card Expense (Bank Charges)	.16	.22	.20	.26
Delivery Expenses (Other than Wages)	.42	.43	.39	.27
Leasing Expenses (Non-Occupancy)	.07	.17	.12	.11
Insurance (Other than Real Estate and Group)	1.30	.93	.83	.55
Taxes (Other than Real Estate and Payroll)	.34	.39	.47	.37
Interest (Other than Real Estate)	.65	1.46	1.35	1.23
Depreciation (Other than Real Estate)	.91	1.10	.78	.72
Store and Shop Supplies	.50	.42	.55	.54
Legal and Accounting	.54	.70	.37	.56
Computer Services and Expenses (Other than Wages)	.25	.39	.25	.18
Dues and Subscriptions	.06	.08	.07	.07
Travel, Buying, Entertainment	.16	.25	.23	.22
Miscellaneous Services	.03	.09	.11	.15
Unclassified Expenses	.89	.81	.55	.76
Total Other Costs of Doing Business	9.42	10.84	9.62	9.29
Total Operating Expenses	37.52	35.06	35.12	33.46
Operating Profit or Loss	2.59	2.77	2.26	.89
Other Income	.96	2.22	1.35	1.54
Net Operating Profit or Loss (Before Income Taxes)	3.55	4.99	3.61	2.43

* As reported to NRHA by Management Report Contributors.

** Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.
Figures may not add to totals indicated due to rounding.

Sales Floor Size

Balance Sheet Data	Sales Area Under 3,000 Sq. Ft.	3,000 Sq. Ft. To 4,999 Sq. Ft.	5,000 Sq. Ft. To 9,999 Sq. Ft.	Sales Area 10,000 Sq. Ft. Or More
Total Dollar Assets	\$198,997	\$253,200	\$430,496	\$809,515
	% of Total Assets			
Assets				
Cash On Hand and In Bank	9.21	8.62	5.95	5.03
Notes and Installment Contracts Receivable	.43	1.30	2.36	1.48
Accounts Receivable	12.60	9.86	9.44	8.97
Merchandise Inventory - (End of Year)	50.06	52.81	50.10	51.19
Other Current Assets	2.29	.84	1.25	1.40
Total Current Assets	74.58	73.43	69.10	68.07
Stocks and Bonds	5.62	3.71	5.50	4.73
Real Estate (Not Used In Business)	1.52	.72	.54	.33
Other Investments	6.97	6.85	9.10	8.94
Total Investments	14.12	11.28	15.13	14.01
Land (Owned and Used In Business)	1.06	1.36	2.34	2.37
Buildings (Owned and Used In Bus. Less Depreciation)	3.72	4.68	5.42	7.77
Leasehold Improvements (Less Amortization Allowance)	.41	1.25	1.76	1.13
Furn., Fix., Equip. (Owned and Used in Bus. Less Deprec.)	3.13	4.86	4.33	4.83
Delivery Equip. (Owned and Used in Bus. Less Deprec.)	1.96	1.72	1.45	1.06
Other Fixed Assets	1.01	1.42	.46	.77
Total Fixed Assets	11.30	15.28	15.76	17.92
Total Assets	100.00%	100.00%	100.00%	100.00%
Liabilities and Net Worth				
Accounts Payable	7.41	12.04	10.59	11.19
Current Portion of Notes Payable	7.99	6.14	5.71	7.19
Accrued Payroll Taxes	.95	.56	.58	.28
Accrued Other Taxes	.05	.94	.94	.91
Other Accrued Expenses	.73	.76	.96	1.60
Other Current Liabilities	.53	.78	1.54	1.63
Total Current Liabilities	17.66	21.22	20.32	22.80
Notes Due Partners/Officers	9.54	5.34	5.08	7.21
Mortgage Payable	5.17	3.48	4.63	3.51
Long Term Debt	3.82	17.21	16.56	15.25
Other Long Term Liabilities	.23	3.84	1.17	.62
Total Long Term Liabilities	18.76	29.88	27.44	26.59
Total Liabilities	36.42	51.09	47.76	49.38
Net Worth	63.58	48.91	52.24	50.62
Total Liabilities and Net Worth	100.00%	100.00%	100.00%	100.00%
Financial Performance				
Profit on Investment	10.73%	21.52%	14.52%	10.31%
Active Owner's Return	31.60%	42.00%	32.44%	24.53%
Current Asset Ratio	4.22	3.46	3.40	2.99
Quick Asset Ratio	1.39	.97	.94	.74
Total Debt to Tangible Net Worth	57.27%	104.48%	91.42%	97.56%
Stock Turn Times	2.37	2.54	2.73	2.81
Sales to Inventory Ratio	3.88	4.03	4.27	4.23
Average Inventory per Sq. Ft. Sales Area	\$43.37	\$34.19	\$30.51	\$27.65
Net Sales to Accounts Receivable	15.27	21.40	22.29	23.98
Net Sales to Total Assets	1.92	2.11	2.10	2.15
Net Sales to Net Worth	3.02	4.31	4.03	4.25
Net Sales to Net Working Capital	3.38	4.04	4.31	4.75
Other Operating Data				
Credit Sales - % of Total Gross Sales	32.39%	38.35%	29.51%	35.09%
Consumer Sales - % of Total Gross Sales	67.61%	61.65%	70.49%	64.91%
Selling Area - Square Feet	2,272	3,878	6,945	14,897
Sales Per Square Foot - Selling Area	\$168.46	\$137.78	\$130.42	\$116.83
Total Area - Square Feet	5,045	6,057	10,115	20,500
Sales Per Square Foot - Total Area	\$77.54	\$88.60	\$89.97	\$85.42
Sales Per Person Employed	\$76,122	\$91,623	\$59,844	\$96,179
Sales Per Customer	\$10.22	\$10.69	\$11.84	\$12.41

Figures may not add to totals indicated due to rounding.

Type of Ownership

Income Statement Data	Sole Proprietorship	Partnership	Corporation	Sub "S" Corporation
Number of Stores	78	23	300	99
Net Sales Volume	\$507,469	\$749,319	\$1,079,584	\$1,104,738
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	4.68%	6.90%	2.67%	.42%
Gross Sales	101.69%	100.38%	101.33%	101.18%
Less: Total Deductions	1.69	.38	1.33	1.18
Net sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	64.81	64.56	65.25	63.72
Margin Before Purchase Rebate or Patronage Dividend ..	35.19	35.44	34.75	36.28
Purchase Rebate or Patronage Dividend	.90	.83	.95	1.13
Margin After Purchase Rebate or Patronage Dividend	36.09	36.27	35.70	37.41
Payroll and Other Employee Expense				
Salaries - Owners/Officers/Managers	2.04	2.43	4.34	3.82
Salaries/Wages - Other Employees	10.81	11.65	12.44	13.62
Federal and State Payroll Taxes	1.16	1.01	1.40	1.48
Group Insurance	.53	.59	1.00	.98
Benefit Plans	.03	.52	.37	.33
Total Payroll and Other Employee Expense	14.57	16.21	19.56	20.23
Occupancy Expense				
Heat, Light, Power, Water	1.19	.92	.90	1.15
Building Repairs and Maintenance	.41	.49	.37	.41
Rent or Ownership in Real Estate**	4.35	3.49	3.99	4.88
Total Occupancy Expense	5.96	4.89	5.26	6.44
Other Costs of Doing Business				
Advertising and Promotion	2.44	2.07	2.29	2.47
Insurance (Other than Real Estate and Group)	.77	.89	.74	.76
Taxes (Other than Real Estate and Payroll)	.30	1.19	.41	.44
Interest (Other than Real Estate)	1.62	1.87	1.21	1.25
Depreciation (Other than Real Estate)	1.07	.76	.73	.94
All Other Expenses	3.68	4.04	4.15	3.90
Total Other Costs of Doing Business	9.87	10.81	9.54	9.76
Total Operating Expenses	30.40	31.92	34.36	36.43
Operating Profit or Loss	5.69	4.35	1.34	.97
Other Income	.82	.99	1.68	1.55
Net Operating Profit or Loss (Before Income Taxes)	6.51	5.35	3.02	2.53
Financial Performance				
Profit on Investment	23.84%	18.65%	11.93%	12.50%
Active Owner's Return	31.31%	27.14%	29.10%	31.41%
Current Asset Ratio	4.30	4.11	3.23	2.89
Quick Asset Ratio	.90	.90	.87	.76
Total Debt to Tangible Net Worth	99.28%	81.37%	83.79%	126.64%
Stock Turn Times	2.46	2.27	2.71	2.86
Sales to Inventory Ratio	3.79	3.52	4.15	4.48
Average Inventory per Sq. Ft. Sales Area	\$24.17	\$31.00	\$31.46	\$28.66
Net Sales to Accounts Receivable	30.89	22.87	21.39	24.23
Net Sales to Total Assets	1.84	1.92	2.15	2.18
Net Sales to Net Worth	3.66	3.49	3.95	4.94
Net Sales to Net Working Capital	3.78	3.59	4.36	4.99
Other Operating Data				
Credit Sales - % of Total Gross Sales	34.00%	32.11%	34.63%	26.67%
Consumer Sales - % of Total Gross Sales	66.00%	67.89%	65.37%	73.33%
Selling Area - Square Feet	5,493	5,830	8,235	8,263
Sales Per Square Foot - Selling Area	\$92.48	\$108.22	\$131.72	\$130.58
Total Area - Square Feet	7,877	8,142	11,767	11,669
Sales Per Square Foot - Total Area	\$64.74	\$77.49	\$93.02	\$85.40
Sales Per Person Employed	\$72,567	\$90,199	\$70,830	\$95,040
Sales Per Customer	\$9.51	\$11.61	\$12.03	\$12.08

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Trade Area Size

Income Statement Data	M.S.A.† Central City	M.S.A.† Suburban	Cities 10,000 To 50,000	Towns Under 10,000
Number of Stores	59	40	144	268
Net Sales Volume	\$1,102,960	\$1,055,820	\$1,111,836	\$859,541
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	1.50%	1.30%	-1.0%	4.85%
Gross Sales	101.53%	101.65%	101.06%	101.32%
Less: Total Deductions	1.53	1.65	1.06	1.32
Net sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	60.32	61.13	65.45	66.56
Margin Before Purchase Rebate or Patronage Dividend	39.68	38.87	34.55	33.44
Purchase Rebate or Patronage Dividend	.75	1.21	1.07	.94
Margin After Purchase Rebate or Patronage Dividend	40.43	40.08	35.61	34.38
Payroll and Other Employee Expense				
Salaries - Owners/Officers/Managers	5.60	5.26	3.06	3.92
Salaries/Wages - Other Employees	14.71	12.99	12.73	11.68
Federal and State Payroll Taxes	1.71	1.46	1.19	1.42
Group Insurance	1.03	1.15	1.15	.74
Benefit Plans	.70	.52	.20	.30
Total Payroll and Other Employee Expense	23.73	21.37	18.32	18.06
Occupancy Expense				
Heat, Light, Power, Water	.83	1.10	1.09	.94
Building Repairs and Maintenance	.47	.43	.37	.37
Rent or Ownership in Real Estate**	4.74	4.99	4.21	3.87
Total Occupancy Expense	6.04	6.52	5.67	5.17
Other Costs of Doing Business				
Advertising and Promotion	1.94	2.57	2.39	2.35
Insurance (Other than Real Estate and Group)	.82	.82	.71	.76
Taxes (Other than Real Estate and Payroll)	.37	.49	.46	.42
Interest (Other than Real Estate)	1.17	.98	1.43	1.25
Depreciation (Other than Real Estate)	.65	.67	.92	.79
All Other Expenses	3.91	4.64	4.54	3.67
Total Other Costs of Doing Business	8.86	10.18	10.45	9.25
Total Operating Expenses	38.63	38.08	34.44	32.48
Operating Profit or Loss	1.80	2.00	1.17	1.90
Other Income	1.97	.91	1.41	1.68
Net Operating Profit or Loss (Before Income Taxes)	3.77	2.91	2.58	3.59
Financial Performance				
Profit on Investment	16.19%	10.67%	10.68%	14.50%
Active Owner's Return	40.24%	29.95%	23.33%	30.34%
Current Asset Ratio	3.27	3.20	2.77	3.64
Quick Asset Ratio	.93	.73	.66	1.01
Total Debt to Tangible Net Worth	82.12%	90.84%	101.56%	89.30%
Stock Turn Times	2.84	2.43	2.69	2.73
Sales to Inventory Ratio	4.71	3.98	4.12	4.10
Average Inventory per Sq. Ft. Sales Area	\$29.06	\$29.61	\$29.39	\$30.68
Net Sales to Accounts Receivable	20.41	20.91	23.20	23.26
Net Sales to Total Assets	2.36	1.92	2.05	2.14
Net Sales to Net Worth	4.30	3.67	4.14	4.04
Net Sales to Net Working Capital	4.80	4.41	4.90	4.02
Other Operating Data				
Credit Sales - % of Total Gross Sales	25.95%	38.12%	32.82%	33.69%
Consumer Sales - % of Total Gross Sales	74.05%	61.88%	67.18%	66.31%
Selling Area - Square Feet	8,127	9,109	8,997	6,681
Sales Per Square Foot - Selling Area	\$135.18	\$118.50	\$122.98	\$127.53
Total Area - Square Feet	11,109	12,777	12,521	9,849
Sales Per Square Foot - Total Area	\$99.34	\$84.48	\$84.64	\$87.29
Sales Per Person Employed	\$35,924	\$88,241	\$86,425	\$96,358
Sales Per Customer	\$11.14	\$10.75	\$10.69	\$13.10

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† Metropolitan Statistical Area.

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Store Location: Part I

Income Statement Data	Downtown	Suburban	Rural
Number of Stores	180	218	66
Net Sales Volume	\$904,257	\$1,017,270	\$859,626
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	3.13%	3.13%	2.19%
Gross Sales	101.14%	101.48%	101.28%
Less: Total Deductions	1.14	1.48	1.28
Net sales	100.00%	100.00%	100.00%
Cost of Goods Sold	65.16	62.91	66.52
Margin Before Purchase Rebate or Patronage Dividend	34.84	37.09	33.48
Purchase Rebate or Patronage Dividend	.86	1.16	.93
Margin After Purchase Rebate or Patronage Dividend	35.69	38.24	34.41
Payroll and Other Employee Expense			
Salaries - Owners/Officers/Managers	4.05	4.25	3.89
Salaries/Wages - Other Employees	12.63	13.09	11.43
Federal and State Payroll Taxes	1.40	1.48	1.32
Group Insurance	.88	.98	.63
Benefit Plans	.35	.38	.25
Total Payroll and Other Employee Expense	19.31	20.17	17.52
Occupancy Expense			
Heat, Light, Power, Water	.94	1.08	.88
Building Repairs and Maintenance	.38	.39	.41
Rent or Ownership in Real Estate**	3.62	4.88	4.25
Total Occupancy Expense	4.94	6.35	5.54
Other Costs of Doing Business			
Advertising and Promotion	2.33	2.52	2.29
Insurance (Other than Real Estate and Group)	.85	.73	.72
Taxes (Other than Real Estate and Payroll)	.42	.44	.56
Interest (Other than Real Estate)	1.27	1.28	1.65
Depreciation (Other than Real Estate)	.72	.87	.86
All Other Expenses	3.93	4.06	3.58
Total Other Costs of Doing Business	9.52	9.90	9.66
Total Operating Expenses	33.77	36.41	32.72
Operating Profit or Loss	1.92	1.83	1.69
Other Income	1.72	1.59	1.14
Net Operating Profit or Loss (Before Income Taxes)	3.65	3.42	2.83
Financial Performance			
Profit on Investment	14.98%	13.88%	13.59%
Active Owner's Return	31.61%	31.10%	32.26%
Current Asset Ratio	3.45	3.20	3.06
Quick Asset Ratio	.99	.78	.68
Total Debt to Tangible Net Worth	91.08%	94.36%	128.67%
Stock Turn Times	2.77	2.56	2.65
Sales to Inventory Ratio	4.25	4.08	3.99
Average Inventory per Sq. Ft. Sales Area	\$31.57	\$28.41	\$29.83
Net Sales to Accounts Receivable	19.57	26.10	24.55
Net Sales to Total Assets	2.15	2.09	2.10
Net Sales to Net Worth	4.11	4.06	4.80
Net Sales to Net Working Capital	4.19	4.45	4.48
Other Operating Data			
Credit Sales - % of Total Gross Sales	40.41%	31.76%	31.08%
Consumer Sales - % of Total Gross Sales	59.59%	68.24%	68.92%
Selling Area - Square Feet	6,725	8,518	6,877
Sales Per Square Foot - Selling Area	\$136.61	\$116.73	\$119.25
Total Area - Square Feet	10,170	11,459	10,247
Sales Per Square Foot - Total Area	\$89.87	\$84.42	\$81.26
Sales Per Person Employed	\$56,743	\$87,258	\$98,597
Sales Per Customer	\$12.85	\$10.75	\$14.43

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Store Location: Part II

Income Statement Data	Free-Standing			
	Neighborhood Shopping Center	Community or Regional	No Stores Adjacent	Stores Nearby
Number of Stores	109	43	80	244
Net Sales Volume	\$875,736	\$1,322,580	\$940,175	\$982,430
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	.76%	.72%	3.18%	3.67%
Gross Sales	101.66%	101.40%	100.96%	101.29%
Less: Total Deductions	1.66	1.40	.96	1.29
Net sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	63.15	65.47	64.90	65.49
Margin Before Purchase Rebate or Patronage Dividend ..	36.85	34.53	35.10	34.51
Purchase Rebate or Patronage Dividend	1.25	1.09	.86	.88
Margin After Purchase Rebate or Patronage Dividend	38.10	35.62	35.96	35.38
Payroll and Other Employee Expense				
Salaries - Owners/Officers/Managers	4.52	3.05	4.44	3.71
Salaries/Wages - Other Employees	12.82	13.43	12.47	12.24
Federal and State Payroll Taxes	1.50	1.49	1.41	1.29
Group Insurance	1.09	.76	.77	1.01
Benefit Plans	.21	.38	.69	.29
Total Payroll and Other Employee Expense	20.14	19.11	19.78	18.54
Occupancy Expense				
Heat, Light, Power, Water	1.13	1.01	.84	.95
Building Repairs and Maintenance	.34	.33	.40	.41
Rent or Ownership in Real Estate**	5.32	4.58	4.06	3.60
Total Occupancy Expense	6.80	5.92	5.30	4.96
Other Costs of Doing Business				
Advertising and Promotion	2.74	2.64	2.04	2.19
Insurance (Other than Real Estate and Group)	.69	.52	.97	.75
Taxes (Other than Real Estate and Payroll)	.44	.23	.44	.49
Interest (Other than Real Estate)	1.19	1.18	1.34	1.34
Depreciation (Other than Real Estate)	.93	.76	.75	.79
All Other Expenses	3.96	3.34	3.92	4.34
Total Other Costs of Doing Business	9.95	8.67	9.46	9.90
Total Operating Expenses	36.89	33.70	34.54	33.40
Operating Profit or Loss	1.21	1.92	1.42	1.99
Other Income	1.19	1.52	1.25	1.79
Net Operating Profit or Loss (Before Income Taxes)	2.40	3.44	2.67	3.78
Financial Performance				
Profit on Investment	11.22%	16.39%	11.35%	14.18%
Active Owner's Return	32.32%	30.94%	30.23%	28.08%
Current Asset Ratio	2.93	3.34	3.18	3.51
Quick Asset Ratio	.65	.77	.93	.97
Total Debt to Tangible Net Worth	100.86%	103.78%	97.29%	87.62%
Stock Turn Times				
Sales to Inventory Ratio	2.56	2.91	2.78	2.71
Average Inventory per Sq. Ft. Sales Area	4.05	4.45	4.28	4.14
Net Sales to Accounts Receivable	\$28.59	\$29.36	\$29.61	\$31.58
Net Sales to Total Assets	31.41	27.73	18.45	20.68
Net Sales to Total Assets	2.33	2.34	2.15	2.00
Net Sales to Net Worth	4.67	4.77	4.25	3.75
Net Sales to Net Working Capital	4.79	4.78	4.35	4.14
Other Operating Data				
Credit Sales - % of Total Gross Sales	27.93%	28.65%	30.83%	36.23%
Consumer Sales - % of Total Gross Sales	72.07%	71.35%	69.17%	63.77%
Selling Area - Square Feet	7,610	9,884	7,131	7,340
Sales Per Square Foot - Selling Area	\$116.02	\$132.26	\$127.93	\$133.34
Total Area - Square Feet	9,264	13,776	10,899	10,994
Sales Per Square Foot - Total Area	\$87.07	\$94.26	\$85.45	\$89.02
Sales Per Person Employed	\$83,275	\$93,008	\$100,735	\$65,487
Sales Per Customer	\$10.87	\$11.26	\$12.82	\$12.39

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Geographical Regions



1. **New England**
Connecticut, Maine, Massachusetts,
New Hampshire, Rhode Island,
Vermont
2. **Middle Atlantic**
New Jersey, New York, Pennsylvania
3. **South Atlantic**
Delaware, District of Columbia,
Florida, Georgia, Maryland, North
Carolina, South Carolina, Virginia,
West Virginia
4. **East North Central**
Illinois, Indiana, Michigan, Ohio,
Wisconsin
5. **East South Central**
Alabama, Kentucky, Mississippi,
Tennessee
6. **West North Central**
Iowa, Kansas, Minnesota, Missouri,
Nebraska, North Dakota, South
Dakota
7. **West South Central**
Arkansas, Louisiana, Oklahoma,
Texas
8. **Mountain**
Arizona, Colorado, Idaho, Montana,
New Mexico, Nevada, Utah,
Wyoming
9. **Pacific**
California, Oregon, Washington

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Report contributors for the New England
region only.

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due to rounding.

Income Statement Data

	1 New England
Number of Stores	45
Net Sales Volume	\$809,884
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	-3.12%
Gross Sales	101.35%
Less: Total Deductions	1.35
Net Sales	100.00%
Cost of Goods Sold	61.23
Margin Before Purchase Rebate or Patronage Dividend	38.77
Purchase Rebate or Patronage Dividend	.62
Margin After Purchase Rebate or Patronage Dividend	39.39

Payroll and Other Employee Expense	
Salaries -- Owners/Officers/Managers	5.22
Salaries/Wages -- Other Employees	12.26
Federal and State Payroll Taxes	1.81
Group Insurance	1.18
Benefit Plans	.17
Total Payroll and Other Employee Expense	20.65

Occupancy Expense	
Heat, Light, Power, Water	.98
Building Repairs and Maintenance	.38
Rent or Ownership in Real Estate**	5.73
Total Occupancy Expense	7.09

Other Costs of Doing Business	
Advertising and Promotion	2.42
Insurance (Other than Real Estate and Group)	1.05
Taxes (Other than Real Estate and Payroll)	.35
Interest (Other than Real Estate)	1.03
Depreciation (Other than Real Estate)	1.04
All Other Expenses	4.30
Total Other Costs of Doing Business	10.20

Total Operating Expense	37.94
Operating Profit or Loss	1.45
Other Income	1.02
Net Operating Profit or Loss (Before Income Taxes)	2.47

Financial Performance

Profit on Investment	10.64%
Active Owner's Return	33.12%
Current Asset Ratio	3.14x
Quick Asset Ratio	.85x
Total Debt to Tangible Net Worth	96.25%
Stock Turn Times	2.68x
Sales to Inventory Ratio	4.38x
Average Inventory per Sq. Ft. Sales Area	\$32.27
Net Sales to Accounts Receivable	20.91x
Net Sales to Total Assets	2.19x
Net Sales to Net Worth	4.30x
Net Sales to Net Working Capital	4.65x

Other Operating Data

Credit Sales -- % of Total Gross Sales	30.13%
Consumer Sales -- % of Total Gross Sales	69.87%
Selling Area -- Square Feet	5,270
Sales Per Square Foot -- Selling Area	\$152.19
Total Area -- Square Feet	8,535
Sales Per Square Foot -- Total Area	\$93.97
Sales Per Person Employed	\$97,479
Sales Per Customer	\$10.64

Geographical Regions

2 Middle Atlantic	3 South Atlantic	4 East North Central	5 East South Central	6 West North Central	7 West South Central	8 Mountain	9 Pacific
45	80	226	23	57	28	36	76
\$1,126,914	\$1,263,664	\$921,325	\$695,766	\$614,320	\$761,212	\$1,020,945	\$985,934
5.27%	-1.49%	.10%	4.90%	2.47%	9.40%	6.87%	7.23%
100.72%	101.35%	101.37%	102.37%	101.40%	100.74%	100.77%	101.06%
.72	1.35	1.37	2.37	1.40	.74	.77	1.06
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
66.06	66.90	65.81	69.31	61.57	64.36	65.86	63.28
33.94	33.10	34.19	30.69	38.43	35.64	34.14	36.72
.49	.85	1.65	1.12	.57	.83	.89	.76
34.43	33.95	35.83	31.81	39.00	36.47	35.03	37.48
4.11	2.99	3.78	3.45	4.50	3.94	3.89	4.42
12.07	13.11	12.60	11.81	13.21	12.66	11.56	12.47
1.26	1.14	1.40	1.33	1.36	1.09	1.45	1.52
.67	1.26	.91	.69	.87	.72	1.19	.80
.67	.20	.14	.07	.42	.25	.24	.74
18.78	18.69	18.83	17.35	20.35	18.66	18.34	19.95
.81	1.00	1.11	1.04	1.16	1.18	.89	.72
.51	.41	.30	.34	.40	.59	.29	.26
3.24	3.86	4.25	3.25	3.68	4.36	3.50	4.62
4.55	5.28	5.65	4.63	5.24	6.13	4.68	5.61
2.25	1.80	2.89	2.17	2.71	2.06	2.13	2.04
.96	.76	.70	.77	.87	.82	.54	.71
.45	.51	.23	.30	.56	.86	.23	.46
1.44	1.01	1.59	1.73	1.46	.98	1.56	1.27
.91	.71	.98	.93	.64	.61	.76	.75
3.17	4.77	3.64	3.53	4.32	3.90	4.26	3.93
9.19	9.56	10.02	9.43	10.56	9.24	9.49	9.16
32.53	33.53	34.50	31.42	36.15	34.03	32.50	34.72
1.90	.42	1.33	.39	2.85	2.44	2.53	2.76
1.03	1.81	1.54	1.69	2.73	1.62	1.13	.94
2.93	2.23	2.87	2.08	5.57	4.06	3.66	3.70
14.63%	7.95%	10.83%	9.69%	17.72%	13.83%	18.00%	17.94%
35.13%	18.63%	25.10%	25.77%	32.00%	27.25%	37.14%	39.37%
2.97	3.17	3.52	3.53	3.20	4.36	3.13	3.74
.74	.89	.84	1.14	.72	1.33	1.01	.98
118.12%	79.08%	96.89%	122.13%	89.39%	65.86%	126.72%	87.07%
2.96	2.75	2.35	2.85	2.11	2.59	2.94	3.13
4.49	4.11	3.57	4.11	3.43	4.03	4.46	4.94
\$34.45	\$35.08	\$28.73	\$27.02	\$23.23	\$24.68	\$28.73	\$31.02
26.09	19.12	22.96	14.38	23.65	19.93	23.35	24.18
2.29	1.99	1.92	2.10	1.68	2.05	2.17	2.59
4.99	3.57	3.78	4.66	3.18	3.40	4.92	4.85
4.95	4.34	3.74	3.89	3.84	3.60	4.33	4.83
34.71%	29.76%	30.95%	44.02%	30.95%	51.70%	42.97%	29.33%
65.29%	70.24%	69.05%	55.98%	69.05%	48.30%	57.03%	70.67%
6,868	8,798	9,008	6,257	8,144	7,656	7,979	6,432
\$156.48	\$144.68	\$108.20	\$111.19	\$80.97	\$99.43	\$129.94	\$153.29
11,716	12,138	12,413	10,094	10,419	10,776	11,610	8,704
\$98.90	\$99.93	\$78.01	\$65.53	\$64.83	\$70.64	\$89.30	\$113.86
\$110,510	\$94,257	\$83,547	\$91,511	\$81,317	\$65,934	\$99,594	\$38,733
\$14.50	\$12.22	\$10.33	\$15.88	\$11.10	\$8.89	\$13.54	\$12.22

Number of Stores

	Single Store Business	Multiple Store Business
Income Statement Data		
Number of Stores	567	79
Net Sales Volume	\$901,634	\$1,175,959
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	3.55%	-2.69%
Gross Sales	101.25%	101.21%
Less: Total Deductions	1.25	1.21
Net sales	100.00%	100.00%
Cost of Goods Sold	64.64	68.35
Margin Before Purchase Rebate or Patronage Dividend	35.36	31.65
Purchase Rebate or Patronage Dividend	1.11	1.08
Margin After Purchase Rebate or Patronage Dividend	36.47	32.73
Payroll and Other Employee Expense		
Salaries - Owners/Officers/Managers	4.15	2.70
Salaries/Wages - Other Employees	12.55	12.41
Federal and State Payroll Taxes	1.41	1.14
Group Insurance	.88	1.38
Benefit Plans	.32	.18
Total Payroll and Other Employee Expense	19.31	17.81
Occupancy Expense		
Heat, Light, Power, Water	1.01	.97
Building Repairs and Maintenance	.36	.33
Rent or Ownership in Real Estate**	4.16	3.87
Total Occupancy Expense	5.53	5.18
Other Costs of Doing Business		
Advertising and Promotion	2.45	2.14
Insurance (Other than Real Estate and Group)	.79	.64
Taxes (Other than Real Estate and Payroll)	.38	.48
Interest (Other than Real Estate)	1.40	1.16
Depreciation (Other than Real Estate)	.87	.72
All Other Expenses	3.87	4.41
Total Other Costs of Doing Business	9.75	9.55
Total Operating Expenses	34.59	32.53
Operating Profit or Loss	1.88	.20
Other Income	1.63	.98
Net Operating Profit or Loss (Before Income Taxes)	3.51	1.18
Financial Performance		
Profit on Investment	13.65%	5.01%
Active Owner's Return	29.77%	16.49%
Current Asset Ratio	3.52	2.84
Quick Asset Ratio	.94	.62
Total Debt to Tangible Net Worth	92.64%	93.63%
Stock Turn Times	2.56	2.78
Sales to Inventory Ratio	3.96	4.07
Average Inventory per Sq. Ft. Sales Area	\$29.33	\$33.42
Net Sales to Accounts Receivable	21.88	22.94
Net Sales to Total Assets	2.02	2.20
Net Sales to Net Worth	3.89	4.26
Net Sales to Net Working Capital	3.98	4.95
Other Operating Data		
Credit Sales - % of Total Gross Sales	32.96%	28.95%
Consumer Sales - % of Total Gross Sales	67.04%	71.05%
Selling Area - Square Feet	7,419	9,685
Sales Per Square Foot - Selling Area	\$123.94	\$137.62
Total Area - Square Feet	10,683	13,185
Sales Per Square Foot - Total Area	\$86.36	\$95.99
Sales Per Person Employed	\$73,464	\$90,875
Sales Per Customer	\$11.63	\$12.42

* As reported to NRHA by Management Report contributors.

** Ownership in Real Estate includes Taxes, Insurance, Depreciation for Mortgages on Land and Buildings.
Figures may not add to totals indicated due to rounding.

Age of Operation

Income Statement Data

	Less Than 3 Years Old	More Than 3 Years Old
Number of Stores	16	467
Net Sales Volume	\$925,857	\$991,679
Current Year's Sales vs. Previous Year (1990 vs. 1989)*	2.79%	2.51%
Gross Sales	100.78%	101.34%
Less: Total Deductions	.78	1.34
Net sales	100.00%	100.00%
Cost of Goods Sold	68.99	64.84
Margin Before Purchase Rebate or Patronage Dividend	31.01	35.16
Purchase Rebate or Patronage Dividend	.79	1.00
Margin After Purchase Rebate or Patronage Dividend	31.80	36.16

Payroll and Other Employee Expense

Salaries - Owners/Officers/Managers	1.97	4.03
Salaries/Wages - Other Employees	11.79	12.51
Federal and State Payroll Taxes	1.45	1.38
Group Insurance	.55	.96
Benefit Plans	.24	.33
Total Payroll and Other Employee Expense	15.99	19.21

Occupancy Expense

Heat, Light, Power, Water	1.16	.98
Building Repairs and Maintenance	.33	.39
Rent or Ownership in Real Estate**	4.92	4.14
Total Occupancy Expense	6.41	5.51

Other Costs of Doing Business

Advertising and Promotion	2.97	2.30
Insurance (Other than Real Estate and Group)	.32	.77
Taxes (Other than Real Estate and Payroll)	.28	.45
Interest (Other than Real Estate)	.70	1.27
Depreciation (Other than Real Estate)	1.12	.79
All Other Expenses	3.72	4.03
Total Other Costs of Doing Business	9.12	9.60

Total Operating Expenses	31.53	34.33
Operating Profit or Loss	.28	1.83
Other Income	2.47	1.50
Net Operating Profit or Loss (Before Income Taxes)	2.75	3.33

Financial Performance

Profit on Investment	13.79%	13.35%
Active Owner's Return	23.68%	29.53%
Current Asset Ratio	3.21	3.30
Quick Asset Ratio	.37	.88
Total Debt to Tangible Net Worth	109.23%	89.96%
Stock Turn Times	2.68	2.72
Sales to Inventory Ratio	3.88	4.20
Average Inventory per Sq. Ft. Sales Area	\$25.17	\$30.14
Net Sales to Accounts Receivable	39.32	22.36
Net Sales to Total Assets	2.40	2.11
Net Sales to Net Worth	5.02	4.01
Net Sales to Net Working Capital	4.78	4.37

Other Operating Data

Credit Sales - % of Total Gross Sales	23.51%	33.56%
Consumer Sales - % of Total Gross Sales	76.49%	66.44%
Selling Area - Square Feet	4,955	7,754
Sales Per Square Foot - Selling Area	\$104.55	\$127.29
Total Area - Square Feet	7,625	11,054
Sales Per Square Foot - Total Area	\$71.14	\$88.23
Sales Per Person Employed	\$82,758	\$75,781
Sales Per Customer	\$10.13	\$11.85

* As reported to NRHA by Management Report contributors.

** Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.
Figures may not add to totals indicated due to rounding.

Departmental Sales

The Departmental Sales section of the Management Report offers a variety of information for fourteen departments carried in retail hardware outlets.

Departmental Contribution

Shown for each department are the percent of firms handling, the share of net sales, sales floor space, inventory and sales per square foot of selling area.

These data are for **Handling Firms Only**. All stores participating in the survey that do not carry a particular department were not included in the computation of the average data for that department. To help understand the meaning of the **Handling Firms Only** data, suppose the Lawn and Garden department in The Management Report shows 90.0% of the reporting stores have a Lawn and Garden department. The data shown for the Lawn and Garden department are only for the 90% of stores who carry lawn and garden merchandise. Thus, **Handling Firms Only** data enable an operator to compare a specific department's data with the average of other hardware stores which also carry that department.

The Management Report also presents an **Average Outlet Profile**. This profile shows data for outlets handling all departments and allows a comparison of the relationships among departments within a single operation.

But what of an outlet that does not carry all the major departments? How can the relationships of only carried departments be compared to an industry average? The necessary data are contained in the report -- only a simple computation is required.

First, for each department carried, add the industry average percent of Net Sales. The sum of these percentages is then divided into each individual departmental percent. The resulting percentages are the **Average Store Profile** for an outlet carrying only these departments.

As an example, a hardlines retailer carries only four departments -- Hardware, Hand Tools, Paint and Home Decorating and Automotive Supplies. Assume The Management Report indicates percent of Net Sales for handling firms for each department to be:

Hardware	15.0%
Hand Tools	10.0%
Paint & Home Decorating	20.0%
Automotive Supplies	5.0%

The total of these percents equals 50.0. Now divide the total (50.0%) into each of the individual department's percent:

Hardware	$\frac{15.0}{50.0}$	= 30.0%
Hand Tools	$\frac{10.0}{50.0}$	= 20.0%
Paint & Home Decorating	$\frac{20.0}{50.0}$	= 40.0%
Automotive Supplies	$\frac{5.0}{50.0}$	= 10.0%

The resulting percentages' total should equal 100.0% and are the **Average Store Profile** for an outlet handling only Hardware, Hand Tools, Paint and Home Decorating, and Automotive Supplies. This same procedure can be followed to determine the Average Store Profile for the percent of sales floor space and inventory.

Productivity

There are a number of ways in which to evaluate departmental performance including margin, turnover, sales productivity and margin contribution. The tables presented on the following page examine these departmental evaluation criteria.

An excellent way for hardware store operators to evaluate departmental performance is through the concept of gross margin return on inventory investment or GMROI. GMROI considers both margin and turnover and is computed by taking the margin percentage times the sales to inventory ratio (net sales divided by average inventory at cost.) Lawn and Garden's GMROI, for example is 1.54 which means \$1.54 in margin is returned for each \$1.00 invested in lawn and garden inventory. Resultant GMROI figures give hardware store operators a way to measure departmental performance across diverse merchandise lines. Traditionally high margin, low turnover departments may be compared with traditional low margin, high turnover departments.

Individual hardware store operators may utilize other evaluations such as profit on sales or return on investment by department. Nearly all departmental evaluation methods rely on some type of inventory control system enabling operators to measure sales and purchases at least at the departmental level.

Departmental Contribution

Department	Handling Firms Only					Average Store Profile		
	% Handling	% of Net Sales	% of Sales Floor	% of Inventory	\$ Sales Per Sq. Ft.	% of Net Sales	% of Sales Floor	% of Inventory
Hardware	100.0	14.9	14.6	14.1	123.94	14.8	14.6	14.1
Hand Tools	100.0	6.0	6.3	6.5	119.47	5.8	6.3	6.3
Power Tools & Accessories	100.0	4.4	4.1	4.8	115.97	4.0	3.9	4.6
Plumbing, Heating & Cooling	100.0	13.5	12.1	12.7	136.23	13.2	12.0	12.6
Electrical Supplies	100.0	9.8	8.7	9.2	138.50	9.7	8.7	9.1
Paint & Home Decorating	97.9	13.7	12.5	12.6	140.98	13.4	12.5	12.6
Lumber	17.8	3.3	3.4	3.8	71.49	.7	.9	.9
Building Materials	36.6	4.1	3.1	3.3	109.24	1.7	1.4	1.4
Lawn & Garden	94.7	12.5	13.2	12.3	131.51	11.7	12.9	12.2
Housewares	88.6	8.0	11.6	8.4	87.80	7.2	10.5	7.7
Automotive Supplies	85.7	3.7	4.4	3.7	107.89	3.2	4.0	3.3
Major Appliances & Home Entertainment	33.4	8.9	5.9	10.6	149.39	3.2	1.9	4.3
Sporting Goods & Outdoor Living	66.6	5.0	5.6	6.0	108.69	3.5	3.8	4.1
Miscellaneous Goods	81.4	9.2	7.6	7.9	122.95	7.9	6.6	6.8
Total	100.0%	100.0%	100.0%	100.0%				

Productivity

Department	Gross Margin %	Sale To Inventory Ratio x	Gross Margin Return on Inventory (GMROI) \$
Hardware	45.0	4.1	1.85
Hand Tools	38.4	3.7	1.42
Power Tools & Accessories	30.1	3.5	1.05
Plumbing, Heating & Cooling	43.8	4.7	2.06
Electrical Supplies	41.4	4.7	1.95
Paint & Home Decorating	39.0	4.5	1.76
Lumber	32.7	3.8	1.24
Building Materials	38.8	5.2	2.02
Lawn & Garden	35.1	4.1	1.44
Housewares	32.9	3.8	1.25
Automotive Supplies	35.3	4.2	1.48
Major Appliances & Home Entertainment	24.8	3.7	.92
Sporting Goods & Outdoor Living	32.8	3.8	1.25
Miscellaneous Goods	34.3	4.2	1.44

Definition of Terms

Income Statement Data -- The Income Statement presents in a single format revenue derived from the sale of merchandise, and expenses incurred to produce these sales. All Management Report Income Statement data are presented as a percent of Net Sales, computed by dividing each item by the Net Sales.

Net Sales Volume -- The dollar amount of cash sales plus credit sales less total deductions.

Total Deductions -- Goods returned, discounts allowed, sales taxes and other taxes paid to secure licenses.

Cost of Goods Sold -- Inventory First of the Year plus Purchases plus Freight In plus Shop Labor (Non-Employee) minus Inventory End of the Year equals Cost of Goods Sold.

Margin Before Rebate or Dividend -- The difference between Net Sales and the Cost of Goods Sold.

Margin After Rebate or Dividend -- Net Sales minus the Cost of Goods Sold plus any Purchase Rebate or Patronage Dividend received by the retailer.

Salaries -- Owners/Officers/Managers -- The compensation including bonuses paid to owners, officers and store managers who work in the business.

Salaries/Wages -- Other Employees -- The compensation, wages and bonuses paid to all other employees.

Federal and State Payroll Taxes -- Federal and State Withholding, Unemployment Compensation and FICA Taxes.

Group Insurance -- All premiums paid to insured employees for health and accident protection.

Benefit Plans -- The employers' share of cost for employee welfare/benefit plans -- life insurance, retirement, education, etc.

Heat, Light, Power and Water -- All utility expenses incurred in the operation of the business.

Building Repairs and Maintenance -- All charges for incidental repairs which keep the building in ordinarily efficient operating condition.

Leasing Expenses (Non-Occupancy) -- All costs involved in leasing furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Office Supplies and Postage -- The cost of all materials used for the firm's accounting records.

Rent or Ownership in Real Estate -- Rent is the amount paid for properties used in the business. Ownership includes current year taxes, insurance, depreciation and interest on mortgages on land, and buildings used in the business.

Advertising and Promotion -- Newspapers, circulars, calendars, radio and television spots, dealer's share of cooperative advertising and materials used in sales events.

Donations -- All gifts given from the business operation to charity.

Telephone and Telegraph -- For expenses incurred in the operation of the business.

Bad Debts -- Uncollectable debts.

Delivery Expenses (Other than Wages) -- All expenses incurred in the operation of delivery equipment; gas, tires, etc.

Insurance -- Premiums paid to insure all assets against fire, theft, etc.

Taxes -- All taxes on stock, fixtures, delivery equipment, etc.

Depreciation -- All depreciation on furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Credit Card Expense -- Bank charges for processing credit card sales.

Interest -- The amount of interest paid on borrowed money for all types of notes, loans.

Store and Shop Supplies -- The costs of all supplies used in the operation of the store.

Legal and Accounting -- The cost incurred for auditing, inventory count, collectors and legal consultation.

Computer Services -- Any fees for outside computer services, plus all costs (excluding payroll) for establishing and maintaining a system in-house.

Dues and Subscriptions -- Fees for memberships and subscriptions, and expenses for employee training.

Travel and Entertainment -- All expenses incurred in business trips and the entertainment of guests.

Miscellaneous Services -- All fees for services such as laundry, garbage disposal, snow removal, etc.

Unclassified -- All expenses not classified under other headings.

Net Operating Profit -- Return on sales before other income and Income Taxes, when expressed as a percent of Net Sales, indicates the percent return on each dollar of sales.

Other Income -- Cash discounts earned, cash over or short, interest dividends, finance charges, commissions, tax allowances and rental and sundry income.

Net Profit (Before Income Tax) -- The net return from the operation of the business.

Balance Sheet -- The balance sheet is a statement of financial position at a given point in time; the Report presents year-ending balance sheets. The balance sheet equation is expressed as Assets equal Liabilities plus Net Worth.

Current Assets -- Cash; notes receivable in the current year; accounts receivable (less reserve for doubtful accounts); merchandise inventories and other assets with a defined short-term life of one year -- all prepaid expenses.

Investments -- Assets with a long term life such as stocks and bonds or real estate which is not needed to operate a business.

Fixed Assets -- Assets with a long-term life which are needed to carry out a firm's normal business activities. The Management Report includes only tangible assets at book value less accumulated depreciation. Included in addition to land, buildings and leasehold improvements are delivery equipment, machinery and office equipment, furniture, fixtures, etc.

Current Liabilities -- All debts which are due within one year -- accounts payable, current portion of notes payable, accrued payroll and other taxes, insurance, interest, etc.

Long-Term Liabilities -- All debts, mortgages, and loans which mature or are due more than one year from the date of the balance sheet, deferred income taxes.

Net Worth -- Total assets minus current and long-term liabilities equals net worth or the owner's equity in the business.

Definition of Ratios

Financial Ratios

The financial position of a firm is determined from a review of its financial statements -- the income statement and the balance sheet. The analysis of the financial performance of a firm views the interaction of the two financial statements through the measurement of proportions within the structure of the two statements. These proportions are tested by ratio analysis.

Profit On Investment

- Computed by dividing Net Profit Before Taxes by Net Worth; expressed as a percentage.
- Measures the return on the owner's invested capital and is the modern criterion for profitability. Today's hardware retailers should program their operations to achieve a rate of Return-On-Investment of at least 15% after taxes.

Active Owner's Return

- Computed by adding Owner's Salary to Net Profit Before Taxes and then dividing by Net Worth; expressed as a percentage.
- Measures the total return to owners and is applicable to proprietorships, partnerships and small corporations. This ratio allows comparison between operators with different philosophies regarding salaries and profits.

Current Asset Ratio

- Computed by dividing Total Current Assets by Total Current Liabilities; expressed in "times."
- Measures the ability to pay short term Debts with Assets that may be converted to cash within a period of time corresponding to the maturity of the claims. The traditionally accepted minimum is 2 to 1 or 2.0 times

Quick Asset Ratio

- Computed by dividing Current Assets minus Inventory by Current Liabilities; expressed in "times."
- Measure the ability to pay Current Debts from Current Assets without relying on the sale of inventory. The traditionally accepted minimum is 1.0 times.

Total Debt To Tangible Net Worth

- The Leverage Ratio, computed by dividing Total Liabilities by Tangible Net Worth; expressed as a percentage.

- Measures the owner's investment in comparison to financing provided by creditors and gives an indication of a firm's ability to acquire more debt.

Stock Turn Times

- Computed by dividing Cost of Goods Sold by Average Inventory at Cost (Beginning Inventory plus Year-end Inventory divided by two); expressed in "times."
- Measures the actual physical turnover of the inventory. A low rate of inventory turnover indicates the likelihood that a portion of the book value of the inventory includes obsolete or unusable items. A high ratio indicates efficiency in buying and inventory control; however too high a ratio may indicate the loss of potential sales due to inadequate stocking. Retail hardware store operators should achieve three turns or more per year.

Sales to Inventory

- Computed by dividing Net Sales by Average Inventory; expressed in "times."
- Measures merchandising efficiency and supplements the Stock Turn ratio in determining whether proper inventory control is achieved through scheduled and balanced buying.

Average Inventory Per Square Foot of Sales Area

- Computed by dividing Average Inventory by Square feet of Sales Area; expressed in dollar value of inventory at cost.
- A rough measure of merchandising efficiency.

Net Sales to Accounts Receivable

- Computed by dividing Net Sales by Accounts Receivable; expressed in "times."
- Measures the sales tied up in accounts receivable. This ratio is the most meaningful when compared to previous years' ratios, due to individual dealer policies of granting their own credit.

Net Sales to Total Assets

- Computed by dividing Net Sales by Total Assets; expressed in "times."
- Measures the use of all Assets to produce Sales. A high ratio may indicate over-trading on assets. A low ratio may indicate excessive investment resulting in idle capacity.

Net Sales to Net Worth

- Computed by dividing Net Sales by Tangible Net Worth; expressed in "times."
- Measures the extent to which sales are supported by invested capital.

Net Sales to Working Capital

- Computed by dividing Net Sales by Working Capital (Current Assets minus Current Liabilities); expressed in "times."
- Measures the demand on working capital to support the sales volume.

Sales Per Square Foot -- Selling Area

- Computed by dividing Net Sales by Square Feet of Sales Area; expressed in retail sales dollars.
- Measures sales productivity.

Sales Per Square Foot - Total Area

- Computed by dividing Net Sales by Square Feet of Total Area including warehouse and outside storage area; expressed in retail sales dollars.
- Measures sales productivity and indicates the amount of sales generated by each square foot of the total facility.

Sales Per Person Employed

- Computed by dividing Net Sales by the Total Number of Employees; expressed in retail sales dollars.
- Measures the efficiency of personnel in producing sales and is the most useful when compared to past performance.

Sales Per Customer

- Computed by dividing Net Sales by the Total Number of Customer Transactions; expressed in retail sales dollars.
- Measures the average sale per transaction. This ratio gives an indication of the store personnel's ability to make add-on sales.

Gross Margin Return on Inventory -- (GMROI)

- Computed by taking gross margin percentage times sales to inventory ratio.
- Considers both margin and turnover.
- Example: A GMROI of 1.50 means \$1.50 in margin is returned for each \$1.00 invested inventory.

Notes

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